

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	2.317 (-6.2 bps)	Bond Buyer 40 Yield:	4.26 (-8 bps)
6 Mo. T-Bill:	2.837 (-6.5 bps)	Crude Oil Futures:	98.62 (+3.92)
1 Yr. T-Bill:	2.887 (-7.0 bps)	Gold Spot:	1,765.94 (+38.30)
2 Yr. T-Note:	2.884 (-8.6 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	2.805 (-10.9 bps)	US High Yield:	7.73 (-31 bps)
5 Yr. T-Note:	2.676 (-16.7 bps)	BB:	6.09 (-27 bps)
10 Yr. T-Note:	2.649 (-10.2 bps)	B:	8.33 (-33 bps)
30 Yr. T-Bond:	3.010 (3.8 bps)		

U.S. Treasury bonds yields finished the week down across a majority of the yield curve. Treasury bond prices continued to rally for a majority of the week as investors digested a slew of economic data and commentary, while the spread between the two-year and ten-year Treasury yields remained negative, a perceived recession indicator. On Wednesday, the Federal Reserve announced a 75 basis points increase to the fed-funds rate to a range between 2.25% and 2.50%. During the post meeting press conference, Federal Reserve Chairman Jerome Powell told reporters he doesn't think the United States is in a recession and that the Fed is determined to get inflation down toward 2% but alluded to remaining data dependent in the process. On Thursday, Q2 Real GDP dropped 0.9%, well below the consensus expected gain of 0.4%, as stagflation rips through the economy. The week wrapped up with the Fed's preferred inflation metric, the personal consumption index or PCE, rising 6.8% year-over-year. The 6.8% increase in June was higher than May, and the highest rate since 1982. The PCE data indicates the Fed will need to continue their aggressive rate hikes in order to tamp down inflation. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Monday: July Final S&P Global Manufacturing PMI (52.3, 52.3), July ISM Manufacturing (52.0, 53.0), June Construction Spending MoM (0.3%, -0.1%); Tuesday: June JOLTS Job Openings (10994k, 11254k); Wednesday: July 29 MBA Mortgage Applications (n/a, -1.8%), June Final Durable Goods Orders (n/a, 1.9%), June Factory Orders (1.1%, 1.6%), July ISM Services Index (53.9, 55.3); Thursday: July 30 Initial Jobless Claims (260k, 256k), June Trade Balance (-\$80.1b, -\$85.5b), July 23 Continuing Claims (n/a, 1359k); Friday: July Change in Nonfarm Payrolls (250k, 372k), July Change in Manufacturing Payrolls (18k, 29k), July Unemployment Rate (3.6%, 3.6%).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	32,845.13 (2.97%)	Strong Sectors:	Energy, Utilities, Industrials
S&P 500:	4,130.29 (4.28%)	Weak Sectors:	Comm. Services, Health Care
S&P Midcap:	2,512.73 (4.87%)		Cons. Staples
S&P Smallcap:	1,239.96 (4.64%)	NYSE Advance/Decline:	2,780 / 728
NASDAQ Comp:	12,390.69 (4.72%)	NYSE New Highs/New Lows:	98 / 173
Russell 2000:	1,885.23 (4.35%)	AAII Bulls/Bears:	27.7% / 40.1%

Equity markets rallied higher as positive economic news and strong corporate earnings fueled a relief rally for stocks. The S&P 500 finished up 4.28% last week and up 9.22% for the month of July. Despite real GDP growth being -0.9% in 2Q22, the second consecutive negative quarter which is a common measure for recessions, there was other strong economic data. Last week personal spending, personal incomes and durable goods orders all beat expectations and helped to quell recession fears. Corporate earnings were also strong as 173 names in the S&P 500 announced their quarterly results last week. **Microsoft Corp.** rallied 7.83% last week after announcing quarterly results in-line with expectations but raised their forecasts as management was positive on digital trends. **Amazon.com Inc.** announced 2Q revenues above expectations as they had less retail inventory issues than big box stores given their third-party seller model. Further they had 33% growth in their AWS segment topping analyst estimates. AMZN shares rose 10.24% last week. **Exxon Mobil Corp.** earned more than \$4 per share last quarter, the highest quarterly earnings per share since at least 1989. They pledged to hold their capital expenditures flat quelling any worries of overinvesting in production growth, as a result their shares rallied 11.31% last week. **Chevron Corp.** also announced fantastic quarterly results. They too earned massive profits while keeping capital expenditures in check and hiked their share buyback facility by 50%. As a result, their shares rallied 13.59% last week. Looking ahead to next week earnings season continues as 165 names in the S&P 500 index are expected to report quarterly results. Notable names expected to report include **Berkshire Hathaway Inc., Eli Lilly & Co., Advanced Micro Devices Inc., ConocoPhillips, Caterpillar Inc., Starbucks Corp.** and **Marriott International Inc.**

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